



Financial Planning – part 1

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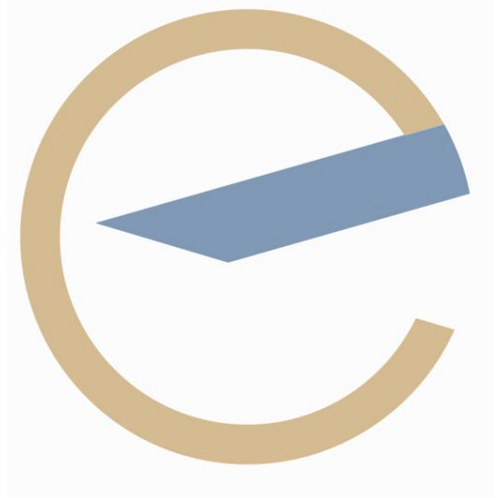
Agenda

Quiz results

What is financial planning?

What is a financial planner?

Six steps of financial
planning



What is financial planning?

A process, not a product!

Wisely managing your finances over the long-term to achieve your goals and dreams.



What is a financial planner?

A professional who leads their clients through the financial planning process.

*Someone who brings
experience,
expertise,
objectivity,
and accountability.*



What is a financial planner?

Many titles:

Financial Advisor

Financial Planner

Financial Consultant

Wealth Manager

Financial Analyst

Wealth Advisor

Investment Consultant

Money Coach



What is a financial planner?

Even more designations!

AAMS, ABA, ABR, ABRM, AEP, AFM, AFC, ALC, AMO, ARM, ARP, ASA, ATA, ATP, AWMA, ACAS, ACA, ASA, BCE, BCI, BCMF, BCS, CAA, CAC, CAS, CAPP, CBR, CCPS, CCPS, CCIM, CDFA, CDP, CEBS, CEA, CEP, CFEB, CFP, CFSSP, CFS, CFM, CLTC, CIPS, CIMA, CIMC, CIS, CISP, CMA, CMCA, CPC, CPhD, CPM, CPA, CREA, CRB, CRCM, CRA, CRC, CRFA, CRSP, CSA, CSC, CSS, CTS, CTFA, CWPP, CASL, CAIA, CAM, CEPP, ChFEBS, CFA, ChFC, CIC, CLU, CMFC, CPM, CPCU, CPWA, CRPC, CRPS, CTEP, CWM, CIRMS, ECS, EA, EPLS, FSPA, FCAS, FCA, FSA, FAD, GBA, LSM, LUTCF, MBA, MFP, MGA, MAAA, MSPA, MCCA, PFS, PCAM, PPC, QFP, REBC, RFA, RFC, RFP, RFS, RHU, RPA, WMS, etc.



What is a financial planner?

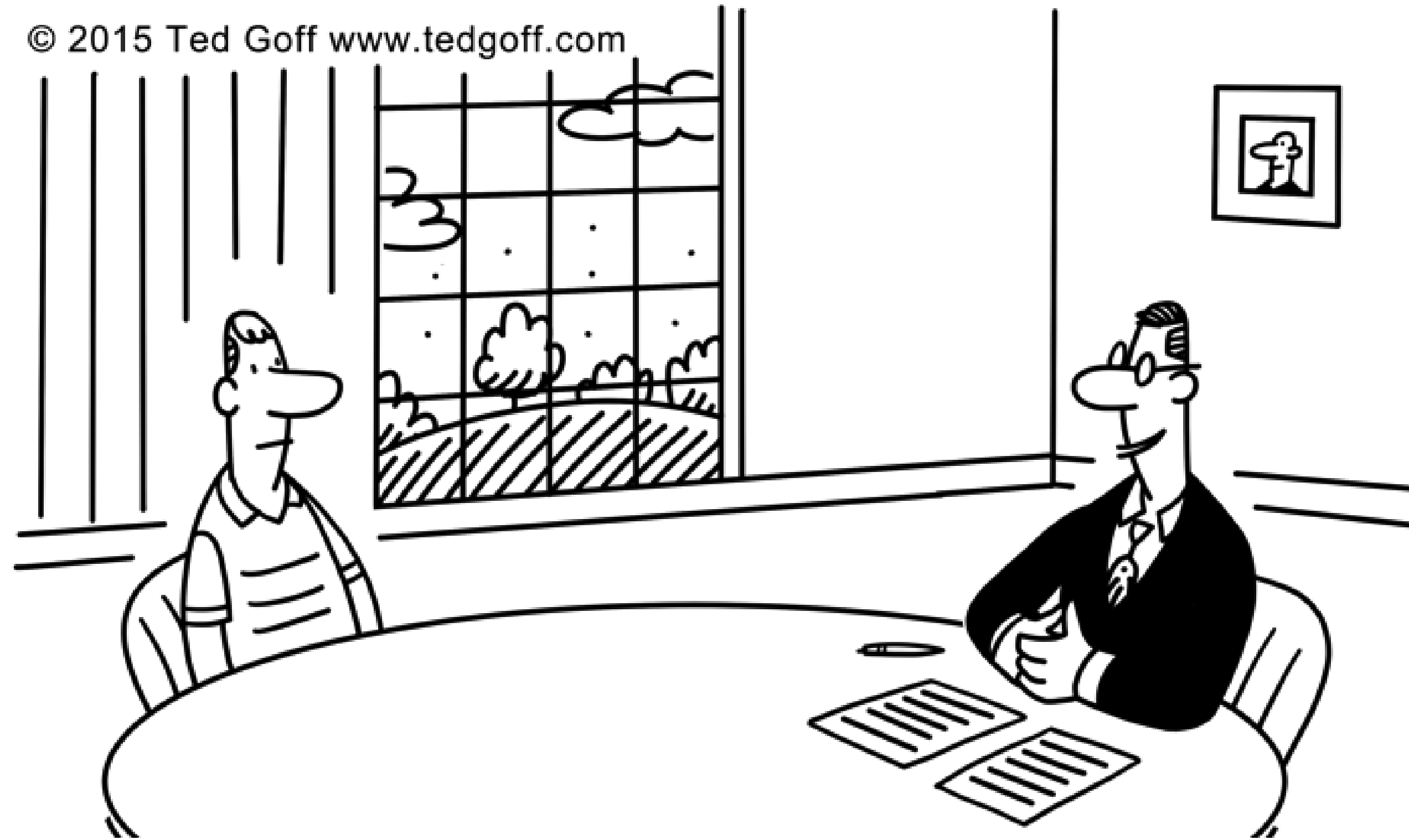
Compensation structures:

*Fee-Only
Commission
Fee Plus Commission
Fee-Based
Hourly*

Caveat Emptor!



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“ What I’m about to tell you doesn’t make sense. That’s why it’s such a great opportunity. ”



What is a financial planner?

Fiduciary vs. suitability



What is a financial planner?

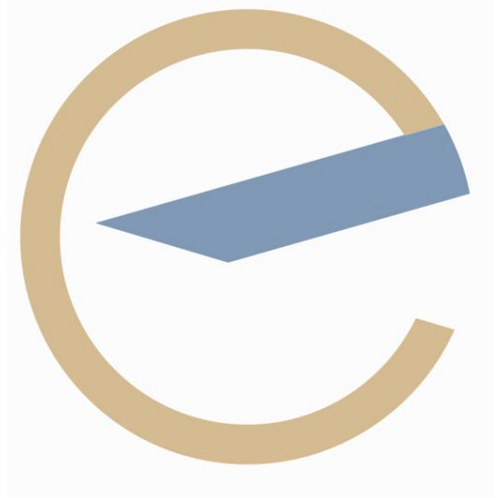
Regulatory agencies:

Securities & Exchange Commission (SEC)

www.sec.gov

*In CA, Department of Financial Protection & Innovation
(DFPI)*

www.dfpi.ca.gov



What is a financial planner?

Agencies help to determine:

Registered investment advisor (RIA)?

Disciplinary actions?

Held to fiduciary or suitability standard?



What is a financial planner?

Self-regulatory organizations:

Nat'l Assoc. of Personal Financial Advisors (NAPFA)
www.napfa.org

Financial Planning Association (FPA)
www.fpanet.org

CFP Board of Standards
www.cfp.net

FINRA Broker Check
www.brokercheck.finra.org



What is a financial planner?

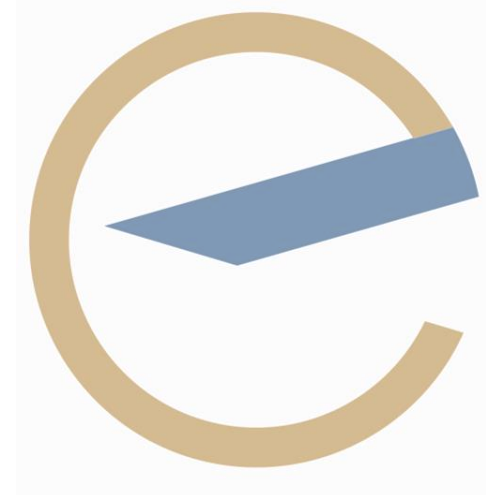
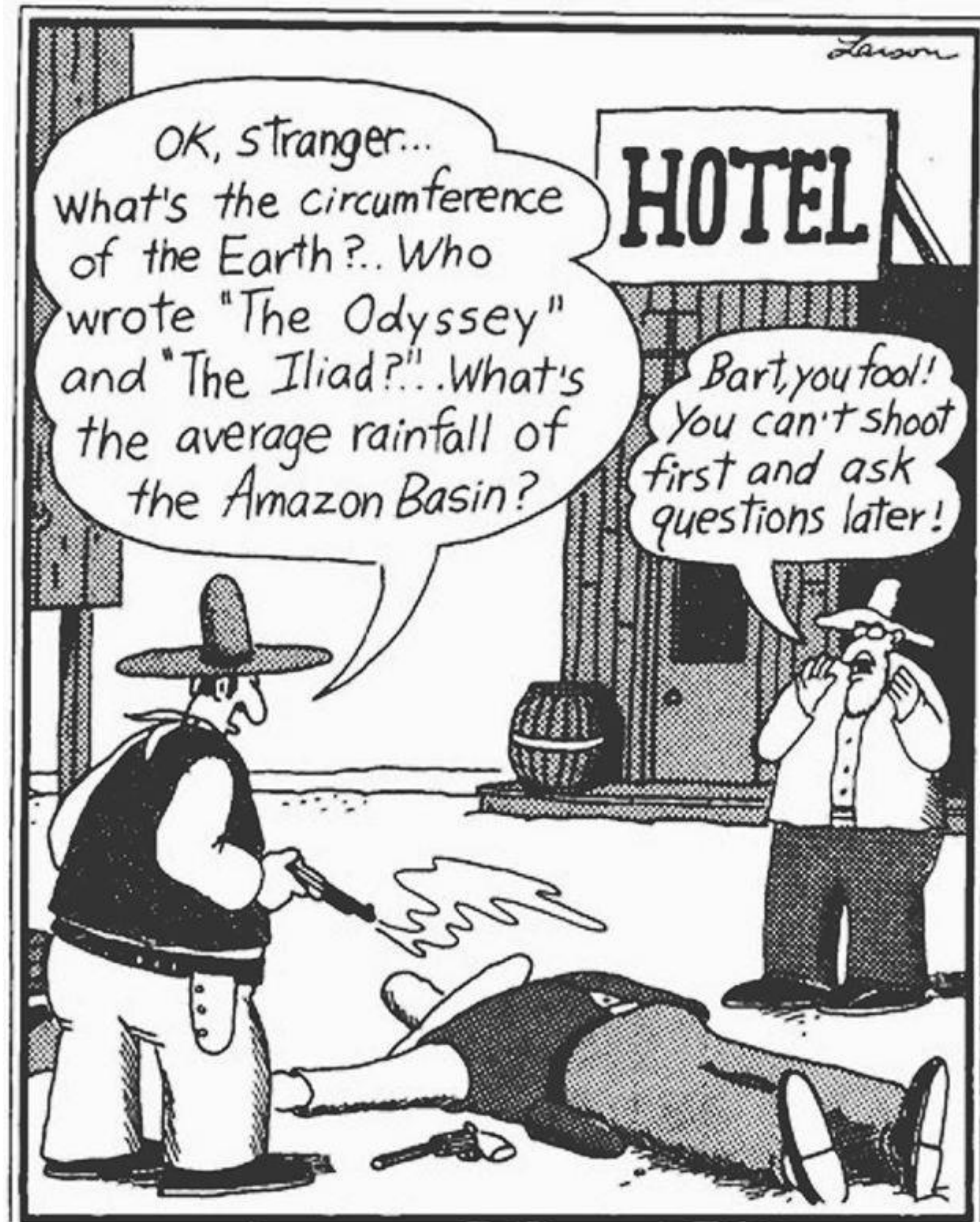
*Referrals from friends, family
tax preparer, attorney*

Not a bad idea, but...



What is a financial planner?

Two words...
Ask First!





Six Steps of Financial Planning

Purpose – assessment of your
finances

Income projection

Evaluate investments – diversified?

Tax-efficient?

Protected against risks?



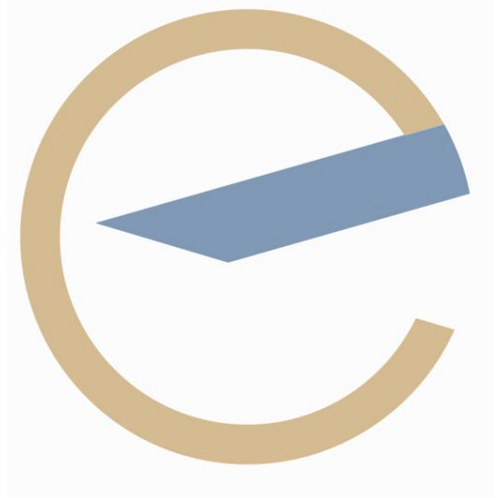
Six Steps of Financial Planning

- 1. Establish goals
- 2. Gather data
- 3. Analyze and evaluate
- 4. Develop plan
- 5. Implement plan
- 6. Monitor plan



Six Steps of Financial Planning

Step #1 - Establish goals



Six Steps of Financial Planning

Personal vs. financial
Broad vs. specific
Optimistic vs. realistic



Six Steps of Financial Planning

Personal = qualitative

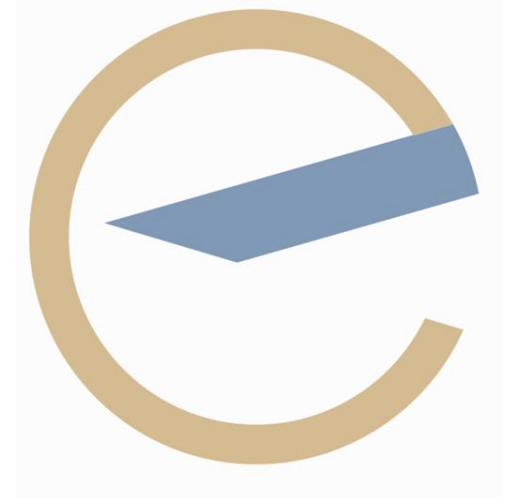
*Examples: achievements, career, experiences,
lifestyle*

Financial = quantitative

*Examples: standard of living, retirement plans,
leaving an inheritance*

I am all for self-improvement
and achieving new heights.

As long as it doesn't stop
me from having a cookie
now and then.





Six Steps of Financial Planning

Step #2 – Gather data



Six Steps of Financial Planning

Create a net worth statement

Assets minus liabilities equals net
worth

NET WORTH STATEMENT

08/31/21

Total Assets	712,000
Total Liabilities	226,000
NET WORTH	486,000
Personal Accounts	
Checking Account	5,000 *
Savings Account	15,000 *
Trust Account	110,000 *
Total Personal Accounts	130,000
John's IRA Account	125,000 *
Jane's Roth IRA Account	15,000 *
Use Assets	
<i>Description</i>	<i>Value</i>
Residence - (Main Street)	400,000 *
Car #1 (Honda)	25,000 *
Car #2 (Ford)	17,000 *
Total Use Assets	442,000
Liabilities	
<i>Description</i>	<i>Balance</i>
Home Mortgage	200,000 *
Term, Payment, Rate	
Auto Loan/Lease #1	15,000 *
Term, Payment, Rate	
Auto Loan/Lease #2	11,000 *
Term, Payment, Rate	
Total Liabilities	226,000

Comments on registration, etc:

Jane is the primary bene of John's IRA; John is primary bene of Jane's Roth IRA

Please update information marked with *.





Six Steps of Financial Planning

Create an income statement

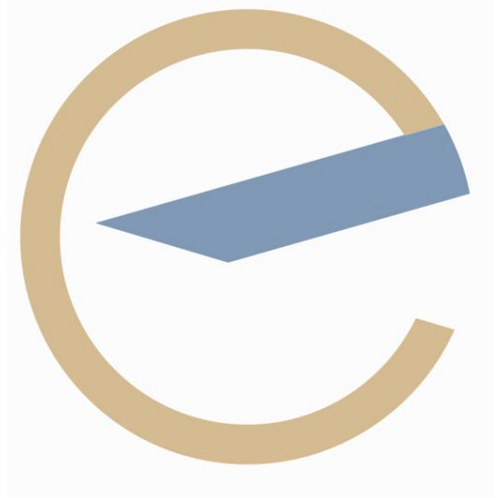
Income minus expenses equals
income statement (cash flow)



Six Steps of Financial Planning

Sources of income:

Job, pension, rental income, Social Security, income from investments



Six Steps of Financial Planning

Expenses:

Mortgage, utilities, groceries, insurance,
medical costs, gas, travel



Six Steps of Financial Planning

Budgeting:

Track all income and expenses
for three months...





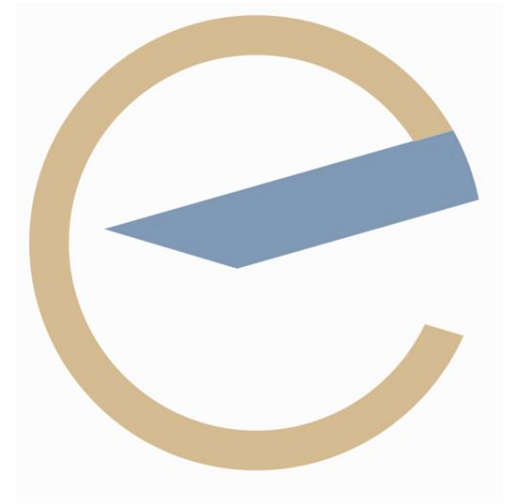
Six Steps of Financial Planning

Budgeting:

...then create a budget for the next
year.

Be realistic about income and
expenses.

Giving		
	Charity	\$125
	Giving total	\$125
Housing		
	Mortgage	\$2,000
	Repairs	\$400
	Water	\$70
	Natural Gas	\$60
	Electricity	\$130
	Trash	\$25
	Internet	\$65
	Gardener	\$55
	Pest	\$45
	Housing total	\$2,850
Cars		
	Gas / Maintenance	\$300
	Registration	\$50
	Cars total	\$350
Food		
	Groceries	\$500
	Restaurants	\$400
	Food total	\$900
Personal		
	Dry Clean	\$30
	Phone	\$160
	Haircuts	\$60
	Personal total	\$250
Lifestyle		
	Shopping/Fun/Clothing/Misc.	\$300
	Entertainment	\$300
	Pet Care	\$400
	Gifts	\$100
	Lifestyle total	\$1,100
Health		
	Doctor/Dentist	\$200
	Health total	\$200
Insurance		
	Life Insurance	\$200
	Auto Insurance	\$180
	Umbrella/Earthquake	\$100
	Insurance total	\$480
ATM Cash withdrawals		\$400
Total expenses		\$6,655





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Thank you for attending!
See you next week!

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